



Sustainability Report 2020



1. CEO statement

Throughout a century, Guldager A/S has been working with water treatment and a sustainable operating model has always been a corner stone in our business strategy.

2020 was an extraordinary year for the Guldager Group as we experienced the effects from the COVID-19 pandemic and at the same time expanded our value proposition to comprehend four new business units within industrial water treatment, corrosion protection, electroosmosis, and additive care. In spite of the pandemic situation these new business units enabled us to offer our sustainable services offerings to a larger market and a larger variety of customers in a challenging market.

Our sustainable strategy is designed to support our business model and at the same time contribute to the UN Sustainable Development Goals and secure our commitment to the UN Global Compact.

In 2020, Guldager became a signatory to the UN Global Compact. Our operations are governed by the Principles of the UN Global Compact related to human rights, working life principles, the environment and prevention of corruption.

This report constitutes our first annual Communication on Progress to be submitted to the UN Global Compact. We will continue to support and contribute to the development of the principles of the UN Global Compact and report on progress annually.

Claus Christian Torbøl
CEO

2. Business model

Guldager A/S is one of Europe's oldest companies within the water treatment industry. Founded in 1946 by Alfred Guldager (based on his invention of corrosion protection by electrolysis in 1923) the Guldager Group is today the only full service provider within water treatment offering solutions within corrosion protection, softening, additive care, water analysis, building services etc. on the European market.



The Guldager Group operates within customer segments such as domestic and residential apartments, public institutions, and process industry, and has an annual gross profit of more than 45 MDKK and provides services to more than 7,000 customers in Denmark, Germany, Switzerland, and Belgium. The company employs around 100 employees in total and is currently owned by the Danish private equity fund Capidea.

Our mission is to be the preferred partner and supplier for professional customers within service-based, intelligent water treatment and protection of water-bearing systems - with respect for the environment and for the benefit of customers' finances and end users.

Our vision is that "Everything we do on this planet, every action, every contact with each other, has an impact on the surroundings and spreads like rings in the water..."

3. Sustainability strategy

Guldager recognizes that the delivery of services and products inevitable have an impact on both climate and the environment in general. We are however committed to mitigate these impacts to reduce our overall environmental footprint. Our operation causes environmental impact through consumption of energy, water and creation of waste and we impact the environment through transport of personnel.

Through our delivery of intelligent solutions, which seek to reduce the consumption of water and energy of our customers and/or minimize environmental footprint by enhancing lifetime of the customers equipment. With water quality improvement at our customers, we aim to reduce the overall environmental impact of the operation of our customers. The direct environmental impact of Guldager's operation can be seen as a tool to create an even larger reduction in environmental footprint at our customers sites. We call this philosophy **Wise Water Treatment**.

Guldager acknowledge, that the wellbeing of our employees is a key factor to being successful, and we intend to be a fair employer. We aim to conduct business in a matter, where we support the anti-corruption agenda, and where we always act responsible to human and worker's rights.

In the below we've selected a number of SDG targets which are currently our main focus areas and described Guldager's contribution on each subject. The SDG's have been selected by evaluating the impacts, which has most significance and interest of both Guldager, our stakeholders and the surrounding community.

The SDG 7.3 target was chosen, because Guldager believes, that in spite our own direct emissions are limited, the signal of reducing the direct impact is important. We see our major contribution in improving energy efficiency as indirect through our customers and our supplier's footprint.

SDG 12.5 has been selected upon the realization of Guldager, that waste production is one of the largest direct impacts of our operation. An impact that today is unmonitored and an impact, where we see a large potential in improving through recycling.

Choosing SDG 8.8 and 5.5 is based on history of Guldager as a company, who always recognized the importance of employee wellbeing as a key to being successful. We view both health issues, work safety and gender equality as key factors in maintaining and developing a successful organization in the future. Selecting the SDG 6.3 and 6.4 was done, because the targets align with the historical core business of Guldager; Improving water quality, minimizing water consumption and enabling water recycling.

SDG target	Description of target	Contribution
7.3 	<i>By 2030, double the global rate of improvement in energy efficiency</i>	<p>From the year 2020 we begin monitoring of energy consumption and direct carbon footprint. In 2021 we will evaluate possible methods of reducing emission.</p> <p>In the coming year we plan to develop tools to monitor and register energy, water and carbon emission savings of customers through deliveries of Guldager</p>
12.4 	<i>By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</i>	<p>In 2021 we plan to investigate waste sorting possibility and implementing the optimal solution. Through the sorting scheme we aim establish KPIs to monitor our waste production.</p>
8.8 	<i>Protect labour rights and promote safe and secure working environments for all employees.</i>	<p>An annual survey work force satisfaction is implemented. Based on the results necessary improvements are implemented.</p> <p>In the coming years we plan to implement a program to prevent work situations that promote employee wear down. This includes a voluntary offer to the employees to have their general health monitored.</p> <p>In 2021 we will set a target to secure number of flex employees.</p>
6.3 	<i>Improve water quality , waste water treatment and safe reuse</i>	<p>In the coming years we aim to reduce the overall water consumption at our customers.</p> <p>To reach this goal we will develop a tool to monitor and register water consumption of customers and reductions through deliveries of Guldager.</p>

<p>5.5</p> 	<p><i>Ensure full participation in leadership and decision making</i></p>	<p>In 2020 we have started monitoring the share of women overall, in management and in our board. Based on this we aim on increasing share of women in the board of directors and management, when possibilities arise through natural exchange of personnel.</p>
<p>6.4</p> 	<p><i>Increase water-use efficiency and ensure freshwater supplies</i></p>	<p>Through our general sales efforts we plan in 2021 to increase the number of supply systems, where Guldager monitors and controls the microbiological growth.</p> <p>This year we hope to implement new technologies to monitor drinking water quality at our customers.</p>

4. Environment

In 2020 the Guldager Group has implemented monitoring of direct carbon emissions and water consumption. Our carbon footprint is comprised of emissions from electricity, heating, and transport in company cars. The water we consume is used for sanitary purposes in our office buildings and in our production.

The introduction of the mapping of the emissions will act as the baseline for targeting reductions and lead to future actions to reduce the direct emissions. Regarding carbon emissions we have identified fuel consumption of our fleet of company cars as being our major contributor. In 2020 we have implemented a new IT-system, which will optimize the operation of our fleet of company cars; This will lead to minimize the overall milage of the fleet resulting in reduction of carbon emissions.

Through the work in 2020 of mapping emission Guldager has disclosed a lack of registration of waste volumes. Today we lack data of the waste production, but we see a potential in waste recycling. In 2021 we will investigate the possibility to sort waste into recyclable fractions, and through the sorting scheme we will monitor the waste production of fractions, which will enable us to include waste amounts in future reporting.

In the table below we have listed a number of environmental risk and opportunities, which our company is facing. The risk and opportunities have been categorized in accordance with recommendation of the TCFD framework (Task Force on Climate related Financial Disclosures).

Type of risk	Sub-category	Description of risk	Materiality level	Time horizon	Describe current mitigation activities
Transitional	Technology	A potential scenario where energy costs will decrease because of decreasing solar energy cost following Moores Law of exponential drop in prices of electronics. Low cost of energy result in low incentive to invest in energy efficiency	Low	Long	Guldager should diversify their product range to become less sensitive to energy cost being the driver of the business.
Transitional	Policy and legal	Abandonment of fossil fuel = Guldager A/S does not currently have the product portfolio to support this development.	Low	Medium-Long	Monitoring technology development and adapting

Type of opportunity	Sub-category	Description of risk	Materiality level	Time horizon	Describe current mitigation activities
Increased demand for desalination equipment	Products/services	Global increase in sea level will result in increased salt level in ground water close to Danish shores.	Low	Long	Product development and marketing
Increased demand for water treatment	Products/services	Global scarcity in fresh water	Medium	Short-Medium	Product development and marketing
Increased demand for energy efficient equipment	Products/services	Increase in energy taxes = incentive to invest in energy efficiency	High	Short	Product development and marketing

5. Social

In accordance with our employee policy Guldager strives to be an attractive place of work, where all employees can develop. We emphasize, that each employee thrives in their position and in the informal co-operation with their colleagues. We aim to empower the employee with responsibility to as high a degree as possible, and we focus attention on a close and frequent contact between the employee and the supervisor.

Under the main policy Guldager has a number of detailed policies to regulate specific areas; Among these are work conditions, vacation, sickness, smoking, alcohol, retirement, senior work force, pregnancy, IT and handling of personal data. The complete policies are gathered in the employee handbook of Guldager, which is given to new employees, and is available to all employees electronically in the latest updated edition.

Concerning work safety and working environment Guldager has an organized group evaluating on past issues, agreed action and planning of future actions. The group consist of the CEO of Guldager and employee representatives from the different departments. The group meet 3 times annually and run a continuous circle of identifying areas of improvements, planning of improvement changes and following up on the implementation and effect of these.

Guldager has the ambition of being a diverse workplace. Both in hiring new employee and in the daily operations. We do not tolerate discrimination based on religion, race, color, gender, disability, age, nationality, sexual orientation or political views. All employees have a right to an open, accepting, including work environment.

Concerning gender diversity, we are under the general condition of an industry, where male employees traditionally are working. A large part of our employees are craftsmen, which is a male dominated group. With these limitations in mind, we have now begun to monitor the gender diversity rate on all levels of the organization. The development of this rate is supported by a policy actively to consider female employees, when positions on all levels are becoming vacant, and female recruiting is actually possible.

Guldager has an active policy to include people on favorable term, which enable people with health issues to obtain a degree of employment. This program also includes the intake of refugees for job training.

Sickness absence is obviously a clear indicator of our employee's well-being and Guldager strive at having a sickness absence percentage significantly below the industry average. When an employee has an increase in absence due to sickness, Guldager has a policy, which prescribes the supervisor to have an interview to help the employee to return to work and set up the necessary helping measures if required. The level of sickness absence in 2020 amounted to 2% which is below the industry average of approximately 4%.

Regarding work injuries and wear down we have in 2020 been working on developing a light-weight substitute product, which is planned to replace a much heavier product. The product is handled manually, and the new light-weight version will reduce the amount of heavy lifting, that our employees perform, when servicing our customers. Furthermore, we have a target to be on level or lower, than the average of LTI (Lost Time Injury) of our industry. In 2021 we plan to implement an offer of an annual voluntary health check to support maintenance of good health for our employees.

The LTI rate in 2020 was 0.08 % (1 out of 1,200) which was a satisfying level.

To constantly improve employee well-being, we conduct an annual employee survey, which enable us to improve Guldager as a workplace, where employee thrive and develop. The last annual survey showed an increasing rate of stressed employee due to poor performance of an outdated ERP solution (Enterprise Resource Planning). This finding has led to management decision to invest in a new IT system, which has been implemented in 2020.

The employee turnover ratio of 38% in 2020 was extraordinarily high as a number of employees due to a larger re-organization of the company during the year. This number is expected to decrease significantly in 2021.

6. Governance

The Guldager Group applies an overall policy of doing business in such matter, that the activities of Guldager does not have a negative impact on human rights. Guldager fully supports and respects the internationally recognized human rights as formulated in the UN Human Rights Declaration and Guldager does not accept child labor, forced labor or any form of human trafficking.

A risk exists that Guldager or any sub supplier could potentially breach basic human rights in the supply chain and therefore the Guldager Group intends to formulate a binding contract to all suppliers requiring them to comply with human rights.

Furthermore, during 2021 Guldager will introduce a global whistleblower system where employees can anonymously report any breach or potential breach on human rights on both Guldager's and sub supplier's premises. It's also the intention to use the whistleblower system to report on breaches against ethical business practices such as acts of bribery or corruption.

The Guldager Group support the anti-corruption agenda, and we will avoid any form of bribery and extortion in conducting our business.

We conduct our business ethically and in compliance with all applicable laws and regulations, including anti-corruption laws. We have a "zero-tolerance policy" against corruption and prohibit all corrupt practices throughout our business operations.

The Board meeting attendance has for some time been a material topic for the Board's involvement in the execution of the Guldager strategy and is therefore being monitored closely. In 2020 the Board meeting attendance reached 100% indicating that the Board of Directors in Guldager A/S has a high degree of involvement in the company's operations and development.

Furthermore, in order to reflect diversity in the Board of Directors Guldager A/S has a target of minimum 40% female members of the company's Board which is currently not being met with a ratio of 20% (1 out of 5 members). The company's management will work with Capidea to increase this ratio during 2021.

Our future aim is to monitor our supply chain in respecting the above. Our primary method of securing this will be internal supplier survey, certification and approval.

7. Sustainability key metrics

The report covers the environmental impact of direct GHG emissions and water use in our own operations in 2020. This figure includes emissions of all countries, where the Guldager group is present, and is accounted through the direct usage of fuel and electricity. The report covers gender diversity through all levels of the company, and employee safety and well-being are monitored through registration of lost injury time and sickness absence.

	2020
Scope 1 emissions (ton CO2 e)	314
Scope 2 market based emissions (ton CO2 e)	30
Scope 2 location based emissions (ton CO2 e)	11
Total emissions (ton CO2 e)	344
Water consumption (m ³)	1518
Overall gender diversity (%)	15
Board gender diversity (%)	20
Management gender diversity (%)	0
Employee turnover (%)	38
Employee safety (Lost Time Injury Rate)	0.08
Sickness Absence (%)	2,0
Board meeting attendance (%)	100

KPI	Accounting practice (scoping, definitions, calculation methods etc.)
Scope 1 emissions	All direct GHG emissions from operations in Denmark, Switzerland, and Belgium including fuel for service cars and natural gas for heating are included (Source: Energistyrelsen 2018)
Scope 2 emissions	Indirect GHG emissions from purchased electricity and heating. Scope 2 is presented both as location based and market based. In the market based calculation green electricity purchased is taken into account (Source: Association of Issuing Bodies 2019)
Diversity	Amount of female employees / Board members (in percent) of total number of employees / Board members
Employee turnover	Total number of voluntary and involuntary employee resignations within the reporting period / total number of employees within the reporting period.
Lost Time Injury Rate	Amount of injuries of employees leading to a loss of at least one day off work / number of available working days